

MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- Seasonally-adjusted **housing starts** declined in July to their lowest level since January 1997, falling 6.1% from the June level and down 20.9% from the year-ago level. On a monthly basis, starts remained stable in both the Northeast and the Midwest, but fell in other regions, particularly in the South. Compared with one year ago, starts were higher in the Northeast but down substantially in all other regions.
- Seasonally-adjusted **light vehicle sales** declined in July, with the July 2007 level down 2.5% from June and 9.8% from July 2006. Only domestic light truck sales improved, rising 1.1% from the June level, although they were still 11.0% below the year-ago level. Imported light truck sales fell 3.1% from the June level but were up 0.7% from the year-ago level. Sales in all other vehicle sectors fell from their June levels and were below the year-ago levels.
- **Industrial production** rose 0.3% in July from the June level, and was 1.4% above the year-ago level. July's increase, though weak, was the fourth highest rate in the last year, which has posted six months of monthly declines. The year-over-year growth during July was the weakest in 42 months.
- **Retail sales** rose 0.3% in July from the June level, with most sectors showing positive growth. Sales at gasoline stations fell 0.8%, reflecting continued declines in fuel prices. Sales of motor vehicle/parts also declined 0.3%. Sales in other sectors were generally higher, with sales at food services and drinking places rising most rapidly, at 1.3%. Compared with July 2006, only motor vehicle/parts sales and gasoline sales exhibited declines.



- The **Michigan unemployment rate** remained at 7.2% in July, despite an employment decline of 23,000 jobs from the June level. The majority of those leaving the ranks of the employed also appeared to leave the labor force, as the labor force fell by 26,000 people. The number of unemployed individuals also declined by 3,000.
- **Michigan wage and salary employment** fell by 20,000 jobs in July from the June level, and was 67,000 jobs below the July 2006 level. Virtually all sectors experienced declines, with transportation equipment manufacturing showing the largest, down 5.6% from the June level and 8.5% from one year ago. Compared with one year ago, only the education/health services and leisure/hospitality services sectors posted employment gains, rising 1.7% and 0.2%, respectively.
- Continuing the phenomenon exhibited for the last several months, despite the weakness in employment, those still employed reported strong gains in **average weekly earnings** in July compared with year-ago levels. Earnings were more than 4.5% above July 2006 levels in most nonmanufacturing sectors, with professional/business service (up 8.4%) and grocery stores (up 7.2%) exhibiting the largest gains. Manufacturing earnings were up 5.7% from year-ago levels.



JULY 2007

Prepared by:
David Zin
Economist

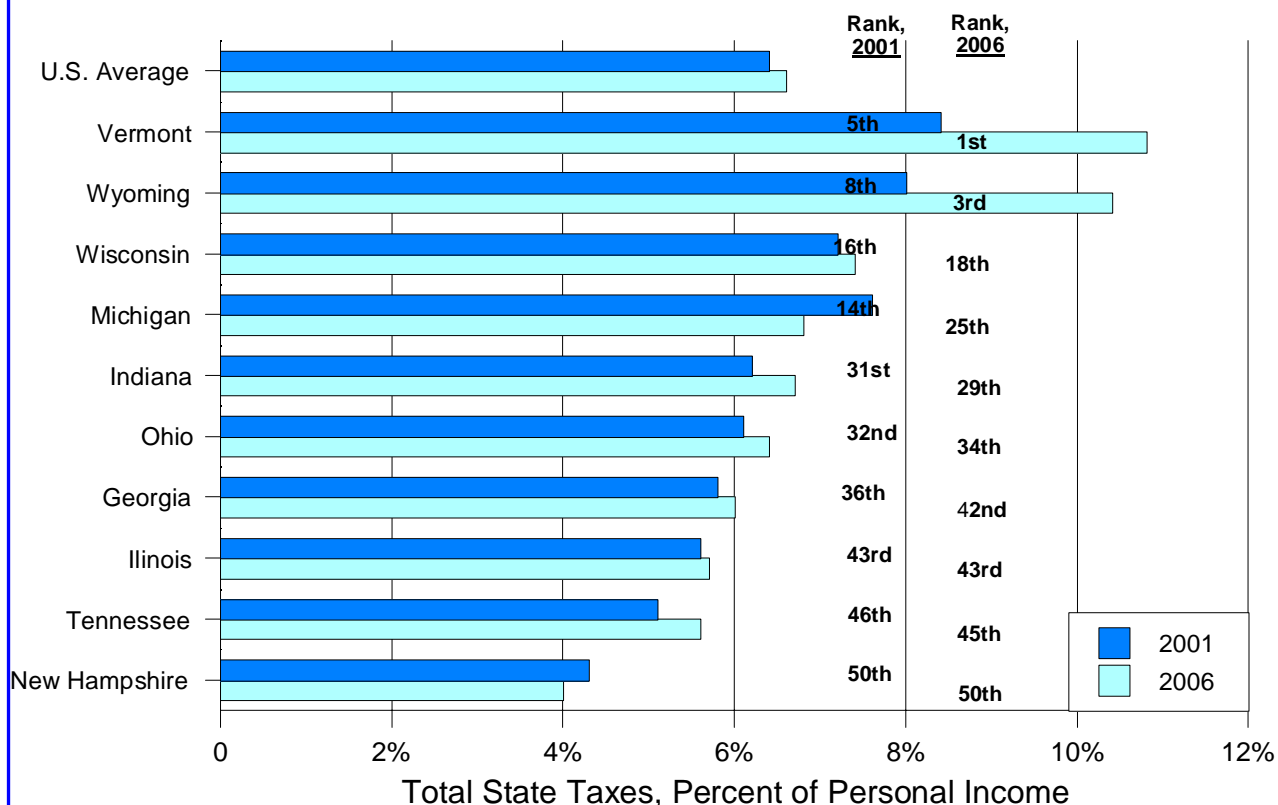
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	July 2007	June 2007	July 2006	<u>Change from June</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	153,231	153,072	151,558	159	0.1%	1,673	1.1%
Employment	146,110	146,140	144,330	(30)	(0.0)	1,780	1.2
Unemployment	7,121	6,932	7,228	189	2.7	(107)	(1.5)
Unemployment Rate	4.6%	4.5%	4.8%	---	---	---	---

Michigan	July 2007	June 2007	July 2006	<u>Change from June</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	5,020	5,046	5,079	(26)	(0.5)%	(59)	(1.2)%
Employment	4,660	4,683	4,728	(23)	(0.5)	(69)	(1.5)
Unemployment	360	363	350	(3)	(0.8)	10	2.9
Unemployment Rate	7.2%	7.2%	6.9%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor

State Taxes Rising As a Percent of Income



Source: U.S. Census Bureau

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	July 2007*	June 2007	July 2006	<u>Change from June</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,269	4,288	4,336	(20)	(0.5)%	(67)	(1.5)%
Goods Producing Industries	785	798	829	(13)	(1.7)	(44)	(5.3)
Natural Resources & Mining	8	8	8	0	1.3	(0)	(1.2)
Construction	162	164	179	(2)	(1.0)	(17)	(9.5)
Manufacturing	615	627	642	(12)	(1.9)	(27)	(4.2)
Transportation Equipment	190	202	208	(11)	(5.6)	(18)	(8.5)
Service Producing Industries	3,484	3,490	3,507	(6)	(0.2)	(23)	(0.7)
Trade, Transportation & Utilities	781	783	794	(2)	(0.3)	(13)	(1.7)
Information	66	66	67	(0)	(0.3)	(0)	(0.6)
Financial Activities	213	213	216	(0)	(0.2)	(4)	(1.6)
Professional & Business Services	582	583	584	(1)	(0.1)	(1)	(0.2)
Education & Health Services	593	593	583	(0)	(0.1)	10	1.7
Leisure & Hospitality Services	408	411	407	(3)	(0.7)	1	0.2
Other Services	177	177	178	(0)	(0.1)	(1)	(0.6)
Government	665	665	679	0	0.0	(14)	(2.1)

Source: Bureau of Labor Statistics, U.S. Department of Labor

* Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	July 2007	Year Ago	Percent Change	July 2007	Year Ago	Percent Change
Construction	37.7	39.4	(4.3)%	\$820.73	\$862.07	(4.8)%
Manufacturing	40.9	40.9	0.0	886.71	839.27	5.7
Durable Goods	41.9	42.0	(0.2)	988.00	927.36	6.5
Motor Vehicle Manufacturing	40.1	42.4	(5.4)	1,271.57	1,285.99	(1.1)
Motor Vehicle Parts Manufacturing	39.4	39.6	(0.5)	998.40	1,071.97	(6.9)
Nondurable Goods	38.1	37.7	1.1	589.03	576.43	2.2
Wholesale Trade	39.6	39.7	(0.3)	766.66	752.32	1.9
Retail Trade	31.2	30.1	3.7	389.69	379.26	2.8
Grocery Stores	27.9	27.8	0.4	258.63	241.30	7.2
General Merchandise Stores	29.5	29.7	(0.7)	311.52	308.29	1.0
Information	34.7	34.3	1.2	748.83	709.32	5.6
Financial Activities	33.7	34.0	(0.9)	613.00	596.36	2.8
Professional & Business Services	35.2	34.6	1.7	705.06	650.13	8.4
Health Care & Social Assistance	36.3	35.1	3.4	619.28	592.84	4.5
Leisure & Hospitality	22.7	24.1	(5.8)	205.21	201.24	2.0
Personal & Laundry Services	25.9	23.4	10.7	292.41	274.72	6.4

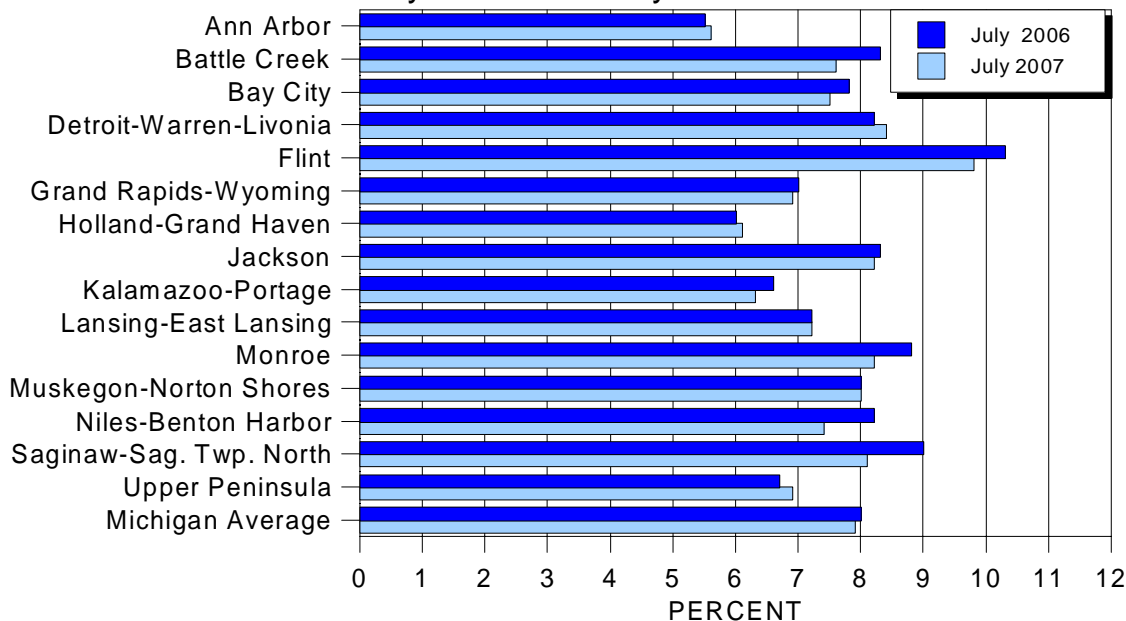
Source: Bureau of Labor Statistics, U.S. Department of Labor

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	July 2007*	June 2007	May 2007	July 2006
Metropolitan Statistical Areas				
Ann Arbor	5.6%	5.2%	4.5%	5.5%
Battle Creek	7.6	7.2	6.5	8.3
Bay City	7.5	7.0	6.5	7.8
Detroit-Warren-Livonia	8.4	8.1	6.9	8.2
Flint	9.8	8.3	7.8	10.3
Grand Rapids-Wyoming	6.9	6.3	5.6	7.0
Holland-Grand Haven	6.1	5.9	5.1	6.0
Jackson	8.2	8.0	7.2	8.3
Kalamazoo-Portage	6.3	6.0	5.3	6.6
Lansing-East Lansing	7.2	6.2	5.4	7.2
Monroe	8.2	6.5	5.6	8.8
Muskegon-Norton Shores	8.0	7.6	6.9	8.0
Niles-Benton Harbor	7.4	7.1	6.4	8.2
Saginaw-Saginaw Twp North	8.1	7.3	6.7	9.0
Multi-County Areas				
Northeast Lower Michigan	8.4	8.4	8.4	8.6
Northwest Lower Michigan	6.8	6.8	7.0	6.8
Upper Peninsula	6.9	7.1	7.2	6.7
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.9	7.4	6.6	8.0
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

July 2006 and July 2007



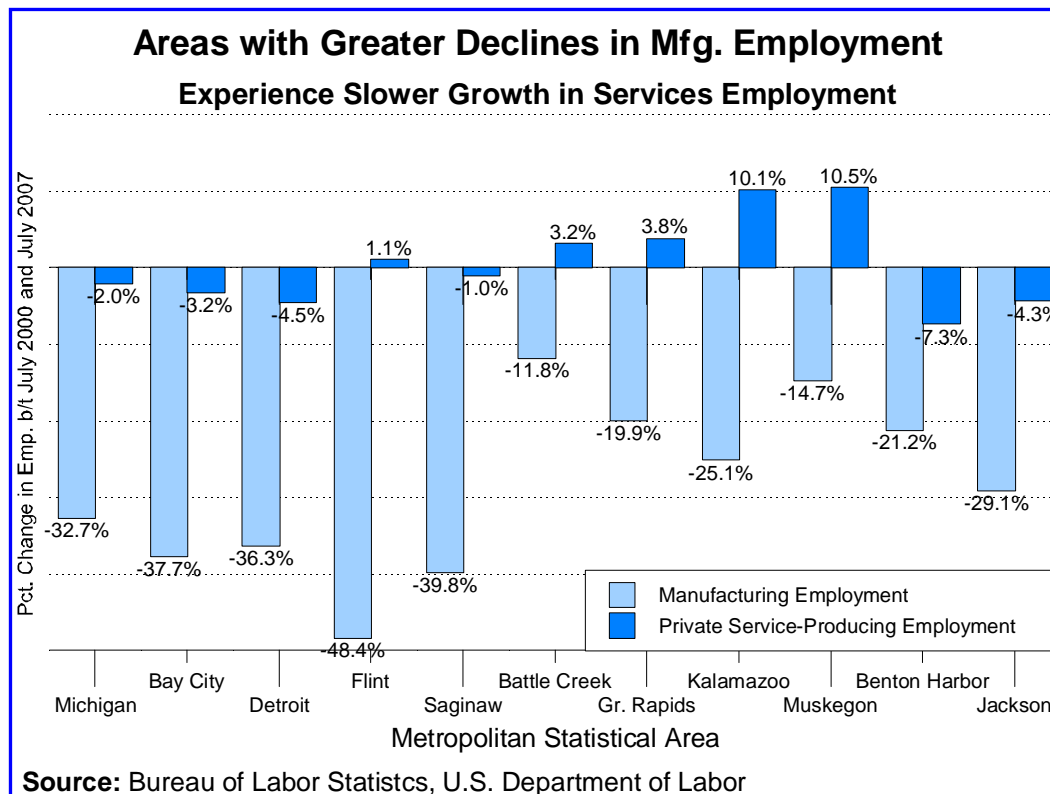
Source: Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	July 2007	June 2007	May 2007	April 2007	Year Ago July	Percent Change From:	
						July/June	July 2007/ July 2006
Motor Vehicle Sales¹⁾							
(thousands of units, SAAR)							
Autos	7,216	7,639	8,026	7,377	8,052	(5.5)%	(10.4)%
Domestics	4,924	5,245	5,520	5,017	5,496	(6.1)	(10.4)
Imports	2,292	2,394	2,506	2,360	2,556	(4.3)	(10.3)
Import Share	31.8%	31.3%	31.2%	32.0%	31.7%	---	---
Light Trucks	8,018	7,988	8,249	8,831	8,835	0.4	(9.2)
Domestics	6,689	6,616	6,932	7,426	7,515	1.1	(11.0)
Imports	1,329	1,372	1,317	1,405	1,320	(3.1)	0.7
Import Share	16.6%	17.2%	16.0%	15.9%	14.9%	---	---
Subtotal: Light Vehicle Sales	15,234	15,627	16,275	16,208	16,887	(2.5)	(9.8)
Heavy Trucks	322	349	349	389	514	(7.7)	(37.4)
Total Vehicle Sales	15,556	15,976	16,624	16,597	17,401	(2.6)	(10.6)
U.S. Motor Vehicle Production¹⁾							
(millions of units, SAAR)							
Autos	4,145	4,067	3,746	3,854	4,064	1.9	2.0
Michigan Motor Vehicle Production²⁾							
(thousands of units, SAAR)							
Autos	1,425	1,110	1,112	905	1,011	28.3	40.9
Trucks	1,637	1,447	1,581	1,354	924	13.1	77.1
Total	3,062	2,558	2,693	2,260	1,935	19.7	58.2
Michigan Production as % of U.S.	19.3%	18.3%	18.3%	18.3%	14.2%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,318	1,415	1,451	1,590	1,234	(6.9)	6.7
Days Supply	49	51	47	59	41	(3.9)	19.5
Total Truck	1,846	2,014	1,940	1,944	2,076	(8.3)	(11.1)
Days Supply	67	77	66	67	70	(13.0)	(4.3)

SAAR = Seasonally Adjusted at Annual Rates.

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 3) Automotive News, Crain Communications, Inc. (ending inventory).



OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	July	142.2	141.9	135.3	0.2%	5.1%
Coincident Index ¹⁾ (1992=100)	July	154.3	154.0	150.5	0.2	2.5
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	July	1,381	1,470	1,746	(6.1)	(20.9)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	July	\$338.1	\$337.5	\$329.1	0.2	2.7
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	July	113.9	113.5	112.3	0.3	1.4
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	July	81.9	81.8	82.4	0.2	(0.6)
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	July	208.0	207.8	203.2	1.4	2.4
Detroit (not seasonally adjusted)	June	201.6	200.4	196.8	3.5	2.4
Interest Rates						
3-month Treasury Bill ³⁾	July	4.84%	4.63%	4.96%	---	---
Corporate Aaa Bonds ³⁾	July	5.73%	5.79%	5.85%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2007 2nd Qtr.	\$11,523.8	\$11,412.6	\$11,306.7	4.0	1.9
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	July 2007	\$1,845.8	\$1,595.6	\$1,783.6	NM	3.5

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute. 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

